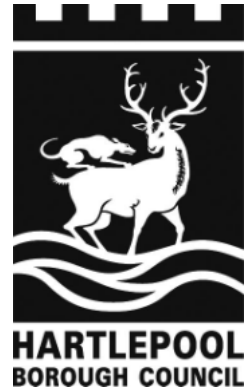


FINANCE AND PROCUREMENT PORTFOLIO

DECISION SCHEDULE



Thursday 12th August 2010

at 10.00 am

**in Committee Room C,
Civic Centre, Hartlepool**

Councillor R Payne, Cabinet Member responsible for Finance and Procurement will consider the following items.

1. KEY DECISIONS

No items

2. OTHER ITEMS REQUIRING DECISION

2.1 Migration of Telephony Provision to Hartlepool Borough Council – *Assistant Director (Resources)*

3. ITEMS FOR INFORMATION

No items

4. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

No items

5. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006

EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

6. **KEY DECISION**

No items

7. **OTHER ITEMS REQUIRING DECISION**

7.1 Eamont Gardens Garages Site (Para 3) – *Assistant Director (Resources)*

FINANCE AND PROCUREMENT PORTFOLIO

Report To Portfolio Holder

12th August 2010



Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

SUMMARY

1. PURPOSE OF REPORT

To inform Portfolio Holder of the recent evaluation of the cost of telephony services provided to Hartlepool Borough Council by British Telecom (BT), and to advise of the recommendation to migrate service provision from BT to Daisy Group plc.

2. SUMMARY OF CONTENTS

This report outlines the potential to achieve savings on telephony costs across the council by relocating the service to a more cost effective provider for Hartlepool Borough Council

3. RELEVANCE TO PORTFOLIO MEMBER

Falls within the remit of the Portfolio Holder

4. TYPE OF DECISION

Non Key

5. DECISION MAKING ROUTE

Finance and Procurement Portfolio then Scrutiny Coordinating Committee.

6. DECISION(S) REQUIRED

That the Portfolio Holder notes the contents of this report and agrees to proceed with the migration of telephony services to Daisy Group PLC subject to satisfactory agreement being reached on the removal of costs from the ICT contract between HBC and Northgate.

Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

1. PURPOSE OF REPORT

- 1.1** To inform Portfolio Holder of the recent evaluation of the cost of telephony services provided to Hartlepool Borough Council by British Telecom (BT), and to advise of the recommendation to migrate service provision from BT to Daisy Group plc.

2. BACKGROUND

- 2.1** In light of the current budget pressures upon the authority it was felt prudent to undertake some analysis of the cost of providing telephony services to HBC to determine whether any cost savings could be achieved.
- 2.2** HBC currently procure telephony services directly from BT's Office of Government Commerce (OGC) contract securing the most cost effective tariffs available from BT. In the past other providers have been able to undercut the cost of BT services, however further investigation of these service providers have left concerns or unanswered questions over the quality of service and customer service. Given the potential risk and impact to services the decision was made to leave services with BT.
- 2.3** Daisy Group plc have recently won a significant number of public sector contracts and now provide services, or are in the process of competing for them, for the majority of Local Authorities in the Tees Valley:
- Stockton and Middlesbrough are now customers of Daisy;
 - Redcar and Cleveland, Darlington, Sunderland and South Tyneside are in direct discussion with Daisy to migrate services.
- 2.4** This, along with a number of reference sites Daisy have offered, gives HBC confidence in the quality of services provided to Local Authority and wider Public Sector customers

3. FINANCIAL CONSIDERATIONS

- 3.1 In order to understand the potential savings offered by migrating the telephony service to Daisy, a direct cost comparison between the Daisy Tariff and our incumbent supplier, BT, was undertaken. The analysis identified that potential savings of circa £25K per annum are available by migrating to Daisy from BT based on our telephone usage in the previous year.

4. CONTRACTUAL AND PROCUREMENT CONSIDERATIONS

- 4.1 Current costs for the Council telephony are split between those directly billed to the Council and those that transferred to Northgate in 2001 as part of the Information Technology Alliance. HBC finance continue to work through the current mechanism and budgets for internally recharging telephony costs and to revise these to ensure future costs for telephony are easily understood and can be recharged with clarity allowing the relevant savings to be defunded from budget(s).
- 4.2 In order to simplify the billing and invoicing process for telephony services the Council intends to remove the element of service and associated costs from the Northgate contract and consolidate all costs and contracts directly to the Council. The Council have approached Northgate to negotiate the necessary costs from the base service fee and although detailed discussions are still to take place to determine the costs to be removed, Northgate have indicated their agreement to this, allowing the Council to access potential savings from the Daisy contract.
- 4.3 Daisy is an OGC approved supplier, and therefore has been through the relevant procurement checks and competition to prove value for money and fulfil regulations.

5. RISK IMPLICATIONS

- 5.1 There are 2 significant areas of risk that HBC need to mitigate before any migration of services can take place, these are:
- Potential loss of service to HBC during the migration process
 - Poor level of service from the new supplier
- 5.2 HBC have asked the proposed supplier to provide assurances to mitigate the identified areas of risk and have received a number of references from customers of Daisy to satisfy HBC's concerns in respect of the above.

- 5.3 Feedback from other Local Authorities has been positive and provides confidence in the company.

6. RECOMMENDATIONS

- 6.1 That the Portfolio Holder notes the contents of this report and agrees to proceed with the migration of telephony services to Daisy Group PLC subject to satisfactory agreement being reached on the removal of costs from the ICT contract between HBC and Northgate.

7. CONTACT OFFICER

John Bulman, ICT Contract Manager. Tel 284159